

Minerals Management Service, Interior

§ 203.69

complete application, you may re-apply.

(b) We will evaluate your first application on a field within 180 days and a

redetermination under §203.75 within 120 days after we say it is complete.

(c) We may ask to extend the review period for your application under the conditions in the following table.

If—	Then we may—
We need more records to audit sunk costs	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request for records and the day we receive the records.
We cannot evaluate your application for a valid reason, such as missing vital information or inconsistent or inconclusive supporting data.	Add another 30 days. We may add more than 30 days, but only if you agree.
We need more data, explanations, or revision	Ask to extend the 120-day or 180-day evaluation period. The extension we request will equal the number of days between when you receive our request and the day we receive the information.

(d) We may change your assumptions under §203.62 if our technical evaluation reveals others that are more appropriate. We may consult with you before a final decision and will explain any changes.

(e) We will notify all designated lease operators within a field when royalty relief is granted.

§203.66 What happens if MMS does not act in the time allowed under §203.65, including any extensions?

If we do not act within the timeframes established in §203.65, the conditions in the following table apply.

If you apply for royalty relief for—	And we do not decide within the time specified—	As long as you—
An authorized field	You get the minimum suspension volumes specified in §203.69.	Abide by §§203.70 & 76
An expansion project	You get a royalty suspension for the first year of production ..	Abide by §§203.70 & 76

§203.67 What economic criteria must I meet to get royalty relief on an authorized field or expansion project?

Your field or project must require royalty relief to be economic and must become economic with this relief. That is, we will not approve applications if we determine that royalty relief cannot make the field or project economically viable.

§203.68 What pre-application costs will MMS consider in determining economic viability?

(a) We will not consider ineligible costs as set forth in §203.89(h) in determining economic viability for purposes of royalty relief.

(b) We will consider sunk costs (allowable expenditures on and after the discovery well as specified in §203.89(a)) in accordance with the following table.

We will—	When—
Include sunk costs	The field has not produced, other than test production, before the application submission date.
Not include sunk costs ...	Determining whether an authorized field can become economic with any relief (see §203.67).
Not include sunk costs ...	Determining how much suspension volume is necessary to make development economic (see §203.69(c)).
Not include sunk costs ...	Evaluating an expansion project.

§203.69 If my application is approved, what royalty relief will I receive?

This section applies only to leases on which you have applied for and re-

ceived a royalty-suspension volume under section 302 of the DWRRA. We will not collect royalties on a specified

suspension volume for your field. Suspension amounts include volumes allocated to a lease under an approved unit agreement and exclude any volumes that do not bear a royalty under the lease or the regulations of this chapter.

(a) For authorized fields, the minimum royalty-suspension volumes are:

(1) 17.5 million barrels of oil equivalent (MMBOE) for fields in 200 to 400 meters of water;

(2) 52.5 MMBOE for fields in 400 to 800 meters of water; and

(3) 87.5 MMBOE for fields in more than 800 meters of water.

(b) If the application for the field includes leases in different categories of water depth, we apply the minimum royalty-suspension volume for the deepest lease then associated with the field. We base the water depth and makeup of a field on the water-depth delineations in the "Royalty Suspension Areas Map" and the Field Names Master List and updates in effect at the time your application is approved. These publications are available from the GOM Regional Office.

(c) You will get a royalty-suspension volume above the minimum if we determine that you need more to make developing the field economic.

(d) For expansion projects, the minimum suspension volumes do not apply. If we determine that your expansion project may be economic only with relief, we will determine and grant you the royalty-suspension volume necessary to make the project economic.

(e) A royalty-suspension volume will continue through the end of the month in which cumulative production reaches that volume. The cumulative production is from all the leases in the authorized field or expansion project that are entitled to share the royalty suspension volume.

§ 203.70 What information must I provide after MMS approves relief?

You must submit reports to us as indicated in the following table. Sections 203.81 and 203.90 through 203.91 describe what these reports must include. MMS's GOM Regional Office will tell you the formats.

Required report	When due to MMS	Due date extensions
Fabricator's confirmation report.	Within 1 year after approval of relief	MMS Director may grant you an extension under § 203.79(c) for up to 1 year.
Post-production report	Within 60 days after the start of production that is subject to the approved royalty-suspension volume.	With acceptable justification from you, MMS's GOM Regional Director may extend due date up to 60 days.

§ 203.71 How does MMS allocate a field's suspension volume between my lease and other leases on my field?

The allocation depends on when production occurs, when the lease is assigned to the field, and whether we award the volume suspension by an approved application or establish it in the lease terms.

(a) If your authorized field has an approved royalty-suspension volume under §§ 203.67 and 203.69, we will suspend payment of royalties on production from all applying leases in the field until their cumulative production equals the approved volume. The following conditions also apply as appropriate:

If—	Then—	And—
We assign an eligible lease to your field after we approve or establish relief.	We will not change your field's royalty-suspension volume.	The newly assigned leases may share in any remaining royalty relief.
We assign a pre-Act lease to your field after you submit a complete application.	We will not change your field's royalty-suspension volume.	The newly assigned leases may share in any remaining royalty relief by filing the short form application specified in § 203.83 and authorized in § 203.82.
We assigned a pre-Act lease to your field before you submitted the royalty relief application.	We will not change your field's royalty-suspension volume.	The newly assigned lease will not share in the relief if it did not participate in the application.